IN THE CLAIMS

Please amend the claims as follows:

Claim 1 (Currently Amended): An image processing apparatus that exchanges image data between a first device and a second device, comprising:

~~a memory which stores a code stream having a wavelet division level;~~

~~an interface unit which transmits the code stream to another apparatus; and~~

~~a processing unit which changes the wavelet division level of the code stream before the transmission of the code stream to said another apparatus by~~ acquisition means for acquiring a target division level that is a wavelet division level supported by the first device; ~~of said another apparatus,~~

checking means for checking a difference between the target division level and ~~the~~ a wavelet division level ~~of the~~ in a code stream of the second device, wherein said code stream is compressed and encoded according to a JPEG 2000 algorithm; [[,]]

reading means for reading coded data responsive to a check result of the checking means from the code stream;

decoding means for decoding wavelet coefficients from the coded data read by the reading means;

generating means for generating LL component data of the target division level by performing an inverse wavelet transform on the wavelet coefficients decoded by the decoding means;

coding means for coding the LL component data generated by the generating means;

changing means for changing the wavelet division level of the code stream by embedding in the code stream the LL component data coded by the coding means; and

coding condition changing means for changing coding conditions in the code stream based on the wavelet division level changed by the changing means ~~generating data that compensates for the difference, and embedding the generated data into the code stream~~.

Claim 2 (Currently Amended): The image processing apparatus as claimed in Claim 1, wherein ~~in response to the difference indicating~~ if the target division level is low, ~~lower than the wavelet division level of the code stream, said processing unit generates the data that compensates for the difference by reading~~ the reading means reads coded data ~~belonging to~~ of levels higher than the target division level from the code stream, ~~decoding the read coded data to obtain wavelet coefficients, performing inverse wavelet transform on the wavelet coefficients to generate LL component data, and encoding the LL component data~~.

Claim 3 (Currently Amended): The image processing apparatus as claimed in Claim 1, wherein ~~in response to the difference indicating~~ if the target division level is high, ~~higher than the wavelet division level of the code stream, said processing unit generates the data that compensates for the difference by reading~~ the reading means reads coded data of an LL component ~~belonging to~~ of a level lower than the target division level from the code stream, ~~decoding the read coded data of the LL component to obtain wavelet coefficients, performing wavelet transform on the wavelet coefficients to generate wavelet coefficients of the target division level, and encoding the wavelet coefficients of the target division level~~.

Claim 4 (Canceled).

Claim 5 (Currently Amended): The image processing apparatus as claimed in Claim [[4]] 1, wherein ~~said description of~~ the coding conditions ~~is a description of~~ are a

decomposition level number ~~included~~ in a parameter ~~SPcod~~ regarding a coding style of components~~, which is part of~~ included in a default coding style marker (COD) ~~contained~~ in a start marker (SOC) of the code stream.

Claims 6-10 (Canceled).

Claim 11 (New): The image processing apparatus as claimed in Claim 2, wherein the coding conditions are a decomposition level number in a parameter regarding a coding style of components included in a default coding style marker (COD) in a start marker (SOC) of the code stream.

Claim 12 (New): A method for exchanging image data between a first device and a second device, said method comprising the steps of:

acquiring a target division level that is a wavelet division level supported by the first device;

checking a difference between the target division level and a wavelet division level in a code stream of the second device, wherein said code stream is compressed and encoded according to a JPEG 2000 algorithm;

reading coded data responsive to a check result of the checking step from the code stream;

decoding wavelet coefficients from the read coded data;

generating LL component data of the target division level by performing an inverse wavelet transform on the decoded wavelet coefficients;

coding the generated LL component data;

changing the wavelet division level of the code stream by embedding in the code stream the coded LL component data; and

changing coding conditions in the code stream based on the changed wavelet division level.

Claim 13 (New): The method as claimed in Claim 12, wherein if the target division level is low, the step of reading coded data includes reading coded data of levels higher than the target division level from the code stream.

Claim 14 (New): The method as claimed in Claim 12, wherein if the target division level is high, the step of reading coded data includes reading coded data of an LL component of a level lower than the target division level from the codes stream

Claim 15 (New): The method as claimed in Claim 12, wherein the coding conditions are a decomposition level number in a parameter regarding a coding style of components included in a default coding style marker (COD) in a start marker (SOC) of the code stream.

Claim 16 (New): The method as claimed in Claim 13, wherein the coding conditions are a decomposition level number in a parameter regarding a coding style of components included in a default coding style marker (COD) in a start marker (SOC) of the code stream.